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SUBJECT: BUSINESS LEADER OF IRAQI KURDISTAN ON OPENNESS IN
PARTY POLITICS

Classified By: RRT Erbil Leader James Yellin, reasons 1.4 (b) and (d)

This is an Iraqi Kurdistan Regional Reconstruction Team (RRT)
cable.

¶1. (C) SUMMARY: The most prominent businessman in Sulaimaniyah Province, Faruk Mustafa Rassool, told RRT Off on February 10 the two dominant political parties in Iraqi Kurdistan must put their rivalry aside and allow free-market practices to drive economic development. He told party leaders that for political longevity, they must integrate moderate Islamic parties and move towards a multi-party system with free elections. In Iraqi Kurdistan, politics so far continue often to trump free-market principals. END SUMMARY

PARTY POLITICS INTERFERES WITH BUSINESS DEVELOPMENT

¶2. (C) Faruk Mustafa Rassool believes that the economy is the infrastructure of politics and the best type of economy is open-market and private sector-driven. Rassool stressed that political interests of the two dominant Kurdish parties) the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK) should not interfere with competition in the market. The telecommunications sector is a case in point.

¶3. (C) In 1999, when Rassool founded Asia-Cell it was the first to offer GSM service in Iraq. Rassool notes Asia-Cell, however, is prohibited from working in Erbil and Dohuk Provinces which are controlled by the KDP and the Korek cell phone network monopoly. He mentioned that he had spent 40 million dollars to obtain a license from the KRG Ministry of Communications, that he had set up the transmission towers and network, and that he had closed the agreement to operate.

¶4. (C) According to Rassool, the Korek Company along with the intelligence arm of the KDP is preventing him from actually activating the business because Asia-Cell is associated with the PUK. (Note: The chairman of Korek is Sirwan Mustafa, nephew of KDP leader Massoud Barzani and an advisor to Prime Minister Nechirvan Barzani (KDP).)

ROLE OF FS AS POLITICAL INTERMEDIARY

¶5. (C) When questioned on the role the PUK has played in his success, Rassool commented in part it has helped him by providing a secure environment for investors but it has also limited potential for economic growth. Rassool noted he is PUK member but a friend of KRG President and KDP member Massoud Barzani. Rassool told RRT Off he advised the KRG President that PUK and KDP must both be strong political forces. He told RRT off that he endorses a multi-party

system and free elections.

¶6. (C) In order to move toward a multi-party system that would strengthen political stability, Rassool advised President Barzani not to underestimate or exclude the moderate Islamists. Rassool said he explained to President Barzani that the KDP must adopt a longer-term view of politics and integrate and contain the Islamic moderate parties if he wishes to stay in power.

¶7. (C) Rassool said that he is aligned with the PUK faction of Iraqi President Jalal Talabani and that Talabani has a more flexible leadership style than Massoud Barzani. That being said, Rassool continued, Talabani sees the KDP-PUK rivalry as part of a greater struggle between his so-called civilized, secular arm of the PUK and the extremist Islamist parties. This limited view, Rassool commented, may preclude Talabani and the PUK from cooperating with the moderate Islamic parties.

¶8. (C) COMMENT: The career of Faruk Mustafa Rassool reflects opportunities as well as the limits businesses face in the Kurdistan Region given the interference in the market by the two dominant political parties, the PUK and KDP. He realizes that an open economic system free from undue influence by the KDP and PUK is necessary to maximize economic growth. In the Iraqi Kurdistan Region, however, politics so far continue often to trump free-market principals.

KHALILZAD